

## Report of the Directors

### DISTRIBUTABLE RESERVES

At 31st July, 2000, the Company's reserves available for distribution, calculated in accordance with the provisions of Section 79B of the Companies Ordinance, amounted to HK\$1,031,239,000.

### DONATIONS

During the year, the Group made charitable and other donations totalling HK\$6,929,000.

### INTEREST CAPITALISED

Interest capitalised by the Group during the year amounted to HK\$44,889,000.

### SUMMARY FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out below.

### RESULTS

	Year ended 31st July,				
	2000	1999	1998	1997	1996
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER	<u>2,966,884</u>	<u>3,180,510</u>	<u>5,099,666</u>	<u>4,601,718</u>	<u>3,870,347</u>
PROFIT/(LOSS) BEFORE TAX	<u>(3,035,468)</u>	<u>(7,658,991)</u>	<u>385,429</u>	<u>1,053,318</u>	<u>939,715</u>
Tax	<u>(29,211)</u>	<u>(49,758)</u>	<u>(143,515)</u>	<u>(147,887)</u>	<u>(155,063)</u>
PROFIT/(LOSS) BEFORE MINORITY INTERESTS	<u>(3,064,679)</u>	<u>(7,708,749)</u>	<u>241,914</u>	<u>905,431</u>	<u>784,652</u>
Minority interests	<u>2,008,849</u>	<u>4,074,093</u>	<u>(175,400)</u>	<u>(589,192)</u>	<u>(386,168)</u>
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	<u>(1,055,830)</u>	<u>(3,634,656)</u>	<u>66,514</u>	<u>316,239</u>	<u>398,484</u>

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## SUMMARY FINANCIAL INFORMATION (continued)

### ASSETS AND LIABILITIES

	As at 31st July,				
	2000 HK\$'000	1999 HK\$'000	1998 HK\$'000	1997 HK\$'000	1996 HK\$'000
Fixed assets	376,975	2,414,824	2,832,790	2,330,504	2,304,472
Investment properties	77,700	10,034,000	13,348,900	13,890,622	10,400,300
Properties under development	187,840	7,982,105	11,111,712	5,356,895	3,813,605
Goodwill on consolidation of subsidiaries	128,366	258,544	519,314	526,007	475,746
Deferred pre-operating expenses	—	10,718	32,256	6,068	11,331
Interests in associates	2,654,130	1,124,655	2,396,143	2,748,367	2,794,719
Interests in jointly controlled entities	—	188,572	183,219	79,919	33,088
Long term investments	—	1,018,389	2,073,429	2,479,810	899,196
Long term note receivable	—	245,000	1,100,000	—	—
Current assets	<u>493,410</u>	<u>2,613,982</u>	<u>2,984,506</u>	<u>4,781,788</u>	<u>3,504,035</u>
<b>TOTAL ASSETS</b>	<b><u>3,918,421</u></b>	<b><u>25,890,789</u></b>	<b><u>36,582,269</u></b>	<b><u>32,199,980</u></b>	<b><u>24,236,492</u></b>
Current liabilities	(450,086)	(5,133,268)	(5,024,203)	(3,438,342)	(2,865,596)
Long term rental deposits received	—	(102,635)	(124,527)	(108,868)	(97,860)
Provision for premium on bonds redemption	—	(249,554)	(135,915)	(23,023)	(87,795)
Provision for premium on convertible note redemption	—	(1,667)	—	—	—
Interest bearing bank and other borrowings	(7,858)	(3,195,936)	(5,479,975)	(2,905,528)	(2,241,455)
Convertible bonds	—	(2,098,581)	(2,102,757)	(1,158,465)	(1,158,465)
Convertible note	—	(600,000)	—	—	—
Long term bonds payable	—	(891,250)	(891,250)	(1,818,850)	(927,600)
Deferred tax	<u>(1,063)</u>	<u>(188)</u>	<u>(1,534)</u>	<u>(34,805)</u>	<u>(404)</u>
<b>TOTAL LIABILITIES</b>	<b><u>(459,007)</u></b>	<b><u>(12,273,079)</u></b>	<b><u>(13,760,161)</u></b>	<b><u>(9,487,881)</u></b>	<b><u>(7,379,175)</u></b>
<b>MINORITY INTERESTS</b>	<b><u>(198,880)</u></b>	<b><u>(9,123,369)</u></b>	<b><u>(13,713,106)</u></b>	<b><u>(14,369,492)</u></b>	<b><u>(8,574,556)</u></b>
<b>NET ASSETS</b>	<b><u>3,260,534</u></b>	<b><u>4,494,341</u></b>	<b><u>9,109,002</u></b>	<b><u>8,342,607</u></b>	<b><u>8,282,761</u></b>

## Report of the Directors

### MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group's sales to its five largest customers accounted for less than 30% of the Group's combined sales and the Group's purchases from its five largest suppliers accounted for less than 30% of the Group's combined purchases.

### YEAR 2000 COMPLIANCE

All of the Group's computer systems and equipment have been operating smoothly into the Year 2000 ("Y2K"). However, the Group will continue to stay alert and be prepared for the upcoming "high risk" days generally identified with the Y2K issue.

### CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the year ended 31st July, 2000. All non-executive directors of the Company have not been appointed for specific terms as they are subject to retirement by rotation and re-election at the Company's Annual General Meeting in accordance with the Articles of Association of the Company.

The Company established an audit committee comprising two independent non-executive directors on 23rd March, 2000.

### AUDITORS

Ernst & Young retire at the forthcoming Annual General Meeting and a resolution for their reappointment as auditors of the Company will be proposed at the said meeting.

On Behalf of the Board

**Lim Por Yen**

*Chairman*

Hong Kong

20th November, 2000